
FROM FINANCIAL PERFORMANCE FOR SHAREHOLDERS TO GLOBAL PERFORMANCE FOR STAKEHOLDERS

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Abstract:

The global business environment (at every of its levels and by any of its forms) is more and more competitive and challenging for firms nowadays. On the other hand, firms themselves exercise a growing pressure and influence over the society (by their economic, social and environmental – wanted or not – outputs/effects). There is no doubt about those facts. Under these circumstances, new theories and practices emerged, in order to bring together and make long term peace between firms/businesses and society (as a whole and considering each part and category of it as well). Stakeholders' theory and corporate responsibility theory come into discussion when we talk about business cooperation and sustainable development, according with the future generations best interests.

As a result, together with the new theory and philosophy of the firm, we (and firm management) must consider a new paradigm when measuring corporate performance: the transition from shareholders to stakeholders brings with it the transition from financial reporting to social reporting, in order for firms and their management to be able to manage and measure global firm performance (financial, as well as social and environmental, in the idea to positively answer to all the interests stakeholders have – a request of doing well by doing good).

By this paper, we would like to analyze how the transition from satisfying shareholders interests theory to satisfying stakeholders interests' theory changes the way management seeks for and measures corporate performance, and how this shift is perceived. In order to do this, we will bring together the Most Profitable Fortune Global 500 versus 100 Most Sustainable Corporations in the World and will analyze: the correlation between financial performance and social performance; the measure these two kinds of performance leverage each other – in order to achieve global corporate performance by satisfying all kind of stakeholders' interests.

Keywords: global corporate performance, financial performance, social performance, stakeholders

1. Stakeholders theory and management – new perspectives for global corporate performance

The global business environment (at every of its levels and by any of its forms) is more and more competitive and challenging for firms nowadays. On the other hand, firms themselves exercise a growing pressure and influence over the society (by their economic, social and environmental – wanted or not – outputs/effects). There is no doubt about those facts. Under these circumstances, new theories and practices emerged, in order to bring together and make long term peace between firms/businesses and society (as a whole and considering each part and category of it as well). Stakeholders' theory and corporate responsibility theory come into discussion when we talk about business cooperation and sustainable development, according with the future generations best interests.

One of the well known, classical theories of the firm states that “the most appropriate objective for a firm is to maximize **shareholder wealth**. Shareholder wealth is measured by the **market value** of the shareholder's **common stock** holdings. *Market value of a share* is defined as the price at which the stock trades in the marketplace – [and it is *influenced* by the amount or magnitude of the cash flows expected to be generated for the benefit of stockholders, the timing of these cash flows, and the risk of the cash flows] (...). Therefore, total shareholder wealth equals the number of shares outstanding times the market price per share” (Moyer, R.C., McGuigan, J.R., Rao, R.P., 2007).

But this theory by itself already raises at least two potentially significant issues:

A. One of them is due to the fact that, generally, into the contemporary corporation-firm, **the owner is separated from the manager**; more than that, because the ownership of a company may be very dispersed, firm's management has a major and direct responsibility regarding firm's performances. So, **agency relationships** occur between the owners and the management of the firm; the divergences of interests generate **principal – agent conflicts**. The **agent theory** emerged in order to take into account the existence of two very different kinds of interests. As a result, the theory of financial management argues that “whether managers will, in fact, act in the best interests of stockholders depends on two factors. First, how closely are management goals aligned with stockholders goals? This question relates, at least in part, to the way managers are compensated. Second, can managers be replaced if they do not pursue stockholder goals? This issue relates to control of the firm” (Ross, S.A., Westerfield, R.W., Jaffe, J., Jordan, B.D., 2008).

In order to evaluate the real managerial performance (in terms of the extent to which management is able to achieve stockholder wealth maximization) was developed an index called *Economic Value Added (EVA)*. It represents, according to Strassmann (Bontis, N., 2001, citing Strassmann, P.A., *The Value of Knowledge Capital*, in *American Programmer*, March, Vol. 11, No. 3, 1998), the net result of all the managerial activities, and it was created in order to improve the *Market Value Added (MVA)* calculation:

- **MVA** – the spread between the cash that a firm's investors have put into the business since the start up of the company and the present value of the cash that they could get out of it by selling their shares. By maximizing this spread, corporate managers maximize the wealth of the company's shareholders relative to other uses of capital;
- **EVA** – the difference between net sales and the sum of operating expenses, taxes and capital charges where capital charges are calculated as the weighted average cost of capital multiplied by the total capital invested. In practice, EVA is increased if the weighted average cost of capital is less than the return on net assets, and vice versa.

B. The other one is related to the **content that the phrase “market value” reflects and the composite structure it reunites**, because: “the emergence of a new economic order has resulted from the management of this new raw material, in which intangible assets, while supporting the main source of value creation, have assumed a preponderant role. In *accountancy* it is known as **intangibles**, in *economic theory* as **knowledge assets** and in *management literature*, as **intellectual capital**. Its essence represents an asset without physical existence, providing potential future returns. Those assets are generally very expensive. They are extremely difficult to manage and, even today, their associated property rights are confused. This assertion raises the need to rethink accounting and financial principles and, also, protection and management models, with a view toward creating a more appropriate match between accounting and market values” (Lopes, I., Martins, M., 2006).

So, „there is a value hiatus between the corporation's **real value** and the value shown on **balance sheets** has come to be referred to as *Tobin's q*, which is a way of describing of difference between a company's physical and monetary assets and its market value: **Market Value = q * Asset Value²**, where *q* stands for the relation between the market value and the asset value.” (Salzer-Morling, M., Yakhelf, A., 1999). And, „since beginning of the 1980s, the share of **Intangible Assets** of corporate market value, that is the amount of market value that is not reported on a company's balance sheet, has constantly increased from an average of 40% to over 80% at the begin of the 21st century. This also means that the traditional accounting methods does account for only about 20% of the total assets of a company (Chatterjee, J., www.iitk.ac.in/ime/jayanta).

In conclusion, „for an individual firm, not understanding how value is generated can lead to inefficient resource allocation. It means the company does not fully understand its business model and may therefore be unable to assess the value of future business opportunities. On a wider scale, it can lead to anomalous market behavior: if the markets don't get the information they need through “official” channels they may resort to rumors and speculation, which could lead to volatility. There may also be a misallocation of resources on a macro level in terms of market investments” (Starovic, D., Marr, B., <http://www.valuebasedmanagement.net>).

As a result of the above mentioned assertions, and because of the fact that, according to the model that Thomas Stewart (which is considered to be the father of

the intellectual capital concept) developed (see Nicolescu, O., Nicolescu, L., 2005), the **total market value** is composed by **tangible** and **intangible assets**, the last ones being a mixture of: *human capital* – knowledge and abilities of people; *structural capital* – patents, processes, data bases, networks; *clients capital* – relationships with clients and suppliers; so, we can easily see the emergence of some **new categories of stake-holders** into this general picture – such as employees, clients or suppliers. Therefore, the already (at least potentially) existing conflict between owners and managers is amplified when come into discussing the notion of **stakeholders** – “groups and individuals who benefit from or are harmed by, and whose rights are violated or respected by corporate actions. The concept of stakeholders is a generalization of the notion of stockholders, who themselves have some special claim on the firm. Just as stockholders have a right to demand certain actions by management, so do other stakeholders have a right to make claims. The exact nature of these claims is a difficult question (...), but the logic is identical to that of the stockholder theory” (Snoeyenbos, M., Almeder, R., Humber, J. (Ed.), 2001).

The role of stakeholder management in the strategic management process – which is looking for sustainable competitive advantages and competitiveness on a global marketplace – can be divided in accordance with two very different approaches, each one of them having its core driven factors and arguments (Dess, G.G, Lumpkin, G.T., Eisner, A.B., 2007):

- **Zero sum** – in this view, *the role of management* is to look upon the various stakeholders as competing for the attention and resources of the organization. In essence, the gain of one individual or group is the loss of another individual or group. That is, *employees* want higher wages (which drive down profits), *suppliers* want higher prices for their inputs and slower, more flexible delivery times (which drive up costs), *consumers* want fast deliveries and higher quality (which drive up costs), the *community* at large wants charitable contributions (which take money from company goals);

As Timothy Devinney argues, “any position taken by a firm and its management, social, ethical, or otherwise, has trade-offs that cannot be avoided. Corporations can be made more “virtuous” on some dimensions (or by the definition of virtuousness by some individuals or groups), but this will invariably involve a price on other dimensions (or a cost borne by those with other definitions of virtuousness). As these trade-offs are rarely going to be Pareto optimal, they will invariably involve a trade-off of values and a “judgment” about what is “better” or “worse.” CSR, like most aspects of life, has very few, if any, win/win outcomes” (Devinney, T., 2009).

- **Stakeholder symbiosis** – although there will always be some conflicting demands placed on the organization by its various stakeholders, there is value in exploring how the organization can achieve mutual benefit through stakeholder symbiosis, which recognizes that stakeholders are dependent upon each other for their success and well being. That is, managers

acknowledge the interdependence among employees, suppliers, customers, shareholders, and the community at large.

As Joseph Weiss argues, the stockholder approach “focuses on financial and economic relationships. By contrast, (... the ...) stakeholder management approach takes into account non-market forces that affect organizations and individuals, such as moral, political, legal, and technological interests, as well as economic factors. (...) The stakeholder management approach, including frameworks for analyzing and evaluating a corporation’s relationships (present and potential) with external groups, aims ideally at reaching <<win-win>> collaborative outcomes” (Weiss, J.W., 2006).

The main idea and argument in this context is that „there has been growing recognition that **profitability measures, in isolation, fail to capture the essence of an organization’s overall performance**, both as a profit-seeking entity and as a member of society. (...) A fundamental truth is that business cannot exist without society and that society cannot go forward without business. Thus, business must acknowledge society’s existence and society’s growing demand for more ethically responsible business practice” (Joiner, B., Payne, D., 2002). But, „given the wide range of interests and concerns present in any organization’s task environment, one or more groups, at any one time, probably will be dissatisfied with an organization’s activities – even if management is trying to be socially responsible. A company may have some stakeholders of which it is only marginally aware. (...) Therefore, before making strategic decision, strategic managers should consider how each alternative will affect various stakeholder groups. What seems at first to be the best decision because it appears to be the most profitably may actually result in the worst set of consequences to the corporation” (Wheelen, T.L., Hunger J.D., 2006).

2. Creating value/performance for/through all the stakeholders – is there a connection between CSR and corporate performance?

As a result, together with the new theory and philosophy of the firm, we (and firm management) must consider a new paradigm when measuring corporate performance: the transition from shareholders to stakeholders brings with it the transition from financial reporting to social reporting, in order for firms and their management to be able to manage and measure global firm performance (financial, as well as social and environmental, in the idea to positively answer to all the interests stakeholders have – a request of doing well by doing good).

In their article dated 2003, Brenda Joyner & Dinah Payne analyzed the 1979 Archie Carroll’s **framework for integrating all dimensions of social responsibility into the firm’s corporate culture and decision making processes** (see Joiner, B., Payne, D., 2002): the **Organizational Social Performance Model** is comprised of *three dimensions* and can be visualized as a three dimensional cube, with all sets of dimensions intersecting with the others; the level of responsibility can be measured against the social issue involved, as well as the firm’s social responsiveness to these issues:

- ✓ *the first dimension* contains the **Social Responsibility categories**; these responsibilities, in order of importance to the firm, are:
 - the *economic* responsibilities of the firm – to produce goods and services to be sold at a profit;
 - the firm's *legal* responsibilities – obedience to societal laws and regulations, while executing economic responsibilities;
 - the firm's *ethical* responsibilities – to meet society's expectations for conscientious and proper behavior;
 - the firm's *discretionary* responsibilities – it encompasses the duty to carry out acts of a voluntary nature designed to provide for the betterment of society, such as philanthropic contributions or provisions of certain employee benefits.
- ✓ *the second dimension* of the model is represented by the firm's **Philosophy of Social Responsiveness**. These philosophies direct how an organization will respond to social issues:
 - first, *the reaction philosophies* require the firm to address social issues as a result of the application of external forces, such as legal, regulatory or social pressures;
 - *defense philosophies* address social issues to escape being forced into it by the external forces;
 - according with *the accommodation philosophy*, these firms address social issues because they exist. This represents a stride in the direction of doing the right thing because it is the right thing, rather than from some ulterior motive to further the economic interests of the firm;
 - *the pro-action philosophy* is one that attempts to be proactive with society: it attempts to anticipate important social issues before they are generally recognized as being important and to develop strategies for addressing these issues.
- ✓ *the third dimension* of the model is the dimensions of the **social issues themselves**. A review of stakeholders and issues in our society yields a list of issues identified by Carroll: *consumerism, environmentalism, discrimination issues, issues involving product safety and occupational safety, and shareholder issues*. It can be anticipated that these issues and stakeholders are not static; social issues are as dynamic as is society and the list should be considered illustrative only, not complete. In light of the Carroll model, it is clear that one must consider the existence and importance of the firm's stakeholders in the ethical decision making process.

Another – somehow reductionist – “model” says that “the **relationship between CSR and corporate performance** can be broken down into four basic areas that encompass nearly all the (non-moral) reasons why corporations and managers would take on CSR initiatives: **(a)** their impact on customer and demand, **(b)** their impact on cost, productivity and efficiency, **(c)** their impact on intangibles, innovation, and the duration of assets, and **(d)** their impact on risk (cost of capital). Simplistically,

Total Economic Value = Consumer Surplus + Producer Surplus, where Consumer Surplus = Willingness to Pay – Price and Producer Surplus = Price – Economic Cost. Structured in Net Present Value (NPV) terms, this is simply $NPV = \sum_{\forall t} (Revenue_t - Cost_t) / (1 + r)^{t-1}$

$$\sum_{\forall t} (Revenue_t - Cost_t) / (1 + r)^{t-1}$$

What this implies is that there are necessary but not sufficient conditions that must arise if the “doing well by doing good” paradigm is going to be operational: **(a)** CSR influences demand positively (e.g., there are more customers and/or a higher willingness to pay because consumers value the social stance or new attributes of the products on offer), **(b)** CSR makes the firm’s cost structure of operations more efficient relative to that demand (e.g., happier, more engaged employees, less turnover of staff, better and more reliable suppliers, etc.), **(c)** CSR allows for longer lived usage of assets (e.g., through the enhancement of innovation or increasing the value of investment in brands and reputation), and **(d)** CSR reduces the risk profile of the firm (e.g., by removing its linkage to market movements and forms of firm-specific risk). Points a and b imply that $(Revenue_t - Cost_t)$ is improved with CSR. Point c means that there are more time periods (t) over which the assets have value. Point d implies that $(1 + r)$ is smaller. However, these are only necessary conditions that imply that a firm can “do well,” not that it would “do good.” If by engaging in CSR the firm is revealing a set of “competitive competencies” that allow it to operate more efficiently based on its “goodness,” there is no indication that the firm will not exploit those competencies for monopolistic gains” (Devinney, T., 2009).

In order to **measure the strategic (long term) success / performance** of the firm in dynamic terms, management theory is sometimes operating with the **social balance sheet concept** (Allaire, Y., Fâșșirotu, M., 1998). **The social balance sheet** permits the evaluation of a firm’s contribution to the achievement of some economic and social goals as well, but not only through productivity, creative capacity, economic efficiency, but also by looking for the maximization of the economic value of the firm as a whole. This prior objective necessarily has to be connected with the *taking into consideration of the interests and expectations of the different kind of stakeholders*, within a framework that keep the importance of the economic role of the firm. This one represents in fact a valuable investment, which has gained its legitimacy by the trust the buyers, the suppliers, the employees, together with its responsibility regarding its legal, political and social duties gave to it.

The *engines (cap)able to create economic value* can be summarized in three categories: *strategic engines* – establishing an optimal, flexible and competitive cost structure; improving the competitive level of the firm; development and effective use of all the tangible and non tangible assets of the firm; preserving the strategic resources of the firm; *financial engines* – the strategic investment of the firm; *corporate engines* – creating a management system that stimulates the operational units to realize a high economic performance; assuring the future of the firm by reasonable projects of redesigning; maintaining a good reputation for the firm; optimizing the costs of the headquarters.

Strongly connected to the **profit, people and planet (Triple Bottom Line) concept** is **corporate social reporting**, which has been defined by Parker in 1986 to have the following **roles** (Tilling, M., 2001, citing Parker, L., *Polemical Themes in Social Accounting: A Scenario for Standard Setting*, in *Advances in Public Interest Accounting*, Vol. 1, pp. 67 – 93, 1986):

- assessing the social (and environmental) impact of corporate activities;
- measuring effectiveness of corporate social (and environmental) programmes;
- reporting upon a corporation's discharging of its social (and environmental) responsibilities; and
- external and internal information systems allowing comprehensive assessment of all corporate resources and impacts (social, environmental and economic).

Into their article *The "Triple Bottom Line" approach on social and environmental reporting: should financial accounting standard setters step in?*, the authors propose (Cintra, Y., Carvalho, L.N., Perlingeiro, B., 2008) a 3 stages **Business strategy framework for sustainable development** (adapted from *United Nations UNCSD*, 1998):

1. STAGE 1: COMPLIANCE TO LAW
 - Environmental, health and safety standards and regulation;
 - Ad-hoc reactions to environmental accidents and risks;
2. STAGE 2: COMPLIANCE AND CLEANER PRODUCTION/ ECO-EFFICIENCY
 - Proactive approach typically through economically viable activities (eco-efficiency);
 - Publication of environmental reports with quantified data, limited reporting on social issues;
3. STAGE 3: COMPLIANCE, CLEANER PRODUCTION/ECO-EFFICIENCY AND STRATEGIC REDEFINITION OF BUSINESS
 - Redesign of process, products and services to integrate the "triple bottom line";
 - Recognition of the public "right to know";
 - Transparency, openness, and dialogue with all stakeholders.

On the other hand, CSR Europe developed a **European framework for company and investor dialogue** (*Valuing non-financial performance: A European framework for company and investor dialogue*, November 2008, www.csreurope.org/) which brings together *financial drivers* and *core non-financial drivers* (with their *key metrics* and *environmental, social and governance – ESG – factors*) in order to achieve the *primary objective* of creating and developing of *market value*:

Primary objective					
Market value					
Financial drivers					
Increased sales	Reduced costs	Increased cash flow		Brand value	Risk management
Core non-financial drivers					
Human capital	Customer relations	Partnerships	Environment	Innovation	Corporate governance
Key metrics					
Employee engagement	Customer satisfaction	Public perception Supply chain management	Carbon emissions Waste management Lifecycle assessment	Product / service development	Ethical integrity Board composition
ESG factors					
ESG factors Absence rate Staff turnover Health & safety Fair restructuring Training Performance management Equality & diversity Reputation Commitment to customer Talent recruitment & retention	Customer loyalty Retention Reputation Trust Price, product, service quality	Opinion former perception Media coverage Community investment Stakeholder dialogue Social impact Legal / regulatory breaches Inclusion	Energy efficiency Deployment of renewables Waste reduction Recycling Environmental impacts Environmental breaches	New products and services Value of patents Customer perception Talent recruitment & retention Training R&D expenditure	Nos of non-exec / independent directors Equality & diversity Training & development Audit processes Reporting & transparency Reputation Shareholder interests Anticorruption policy/practice Competitiveness

Source: *Valuing non-financial performance: A European framework for company and investor dialogue*, November 2008, www.csreurope.org/

Still, “the empirical literature on the relationship between CSR and performance is mixed and fraught with empirical question marks around not just how performance is measured but what it means to “do good” (...). In addition, as the in-depth academic study of the CSR movement is relatively nascent (despite the volume of publication activity), it is difficult to disassemble the underlying corporate

competencies and to determine which CSR competencies can be linked to specific performance outcomes” (Devinney, T., 2009).

3. Setting a company's goal: better ranking in the *Most profitable* or in *The most sustainable corporation* – some figures-based evidences

So, we would like to analyze how the transition from satisfying shareholders interests theory to satisfying stakeholders interests' theory changes the way management seeks for and measures corporate performance, and how this shift is perceived. In order to do this, we will bring together the Most Profitable Fortune Global 500 versus 100 Most Sustainable Corporations in the World and will analyze: the correlation between financial performance and social performance; the measure these two kinds of performance leverage each other – in order to achieve global corporate performance by satisfying all kind of stakeholders' interests.

In order to see if there is a correlation between the *Most Profitable Fortune Global 500* and the *100 Most Sustainable Corporations in the World* we took into account the following sources: Global Press Release 2009 (www.global100.org) and <http://money.cnn.com/magazines/fortune/fortune500/2009/performers/companies/profit> S.

According to Global Press Release 2009, The Global 100 Most sustainable corporations includes companies from 15 countries encompassing all sectors of the economy that were evaluated according to how effectively they manage environmental, social and governance risks and opportunities, relative to their industry peers.

As the Global 100 companies are meant to isolate those firms best equipped to thrive in the long-term because of their holistic approach to managing stakeholder relationships, this year for the first time, The Global 100 traced back all 100 constituents to their year of origin to see what kind of longevity they had demonstrated to date. The average age of the 2009 Global 100 company was 102 years old, ranging from Stora Enso OYJ (1288 AD) to Telus Corporation (1999 AD). In all, 46 of the 2009 Global 100 companies have been in existence for at least 100 years.

Toby Heaps, Editor of Corporate Knights magazine, says, “While markets go up and down, companies like the Global 100 members that prudently take care of the interests of all their stakeholders offer the best bet for society and investors in the long-term.” From its inception in February 2005, the Global 100 Most Sustainable Corporations has outperformed its benchmark (the MSCI World Index) by 480 basis points per annum to end of year 2008.

Matthew Kiernan, CEO of Innovest, a New York-based investment advisory firm, whose analysis underpins the list, notes: “The continuing out-performance of the Global 100, even in the midst of the current global financial crisis, provides eloquent testimony—and yet more evidence—for investors, company executives, governments, and civil society alike: superior positioning and performance on environmental, social, and governance issues does provide a valuable leading indicator of better-managed, more agile, ‘futureproof’ companies.

As a result of the comparative analysis we identified only 13 corporations which were present in both of the classifications in 2009: Amazon.com Inc, Baxter

International Inc, Coca-Cola Company, Dell Inc, FPL Group Inc, Goldman Sachs Group Inc, Hewlett-Packard Company, Intel Corp., Nike Inc, PG&E Corp., Procter&Gamble Company, The Walt Disney Company, United Technologies Corp. Which is notable is that all of the 13 corporations are from the United States. More than that, we have found 20 corporations from the United States into the *100 Most Sustainable Corporations in the World*, and 13 of them are also among the *Most Profitable Fortune Global 500*.

From the 13 corporations we identified to be present in both *most profitable* and *most sustainable* corporations, 6 of them are in top 50 Most profitable, as follow: Procter&Gamble – ranked 9, Hewlett-Packard – ranked 10, Coca-Cola – ranked 17, Intel – ranked 21, United Technologies – ranked 29, The Walt Disney Company – ranked 31.

We can find only 6 corporations which are present in both *100 Most Sustainable Corporations in the World* and *Most Profitable Fortune Global 50* for 2008: BHP Biliton PLC (Australia), Glaxosmithkline PLC (United Kingdom), Goldman Sachs Group Inc (United States), Nokia Corporation (Finland), Procter&Gamble Company (United States), Toyota Motor Corp. (Japan). As we can easily observe, these 6 corporations are from 5 different countries and 4 different continents.

For a more relevant analysis we will compare the *50 Most Profitable Companies* with the *Top 100 Most Accountable Companies* – which ranks corporations as regards business responsibility. From the 50 *most profitable corporations*, we can find 37 of them also into the *100 Most Accountable Companies*; this situation reflects the fact that only a relatively small part of the most profitable corporations are concerned to raise their business responsibility.

We will calculate the Spearman correlation coefficient in order to emphasize if there are a connection between the corporations listed into the two classifications.

$$C = 1 - \frac{6 \sum d^2}{n(n^2 - 1)}$$

Where,

C – Spearman coefficient

d – distance between ranks

n – number of terms into series

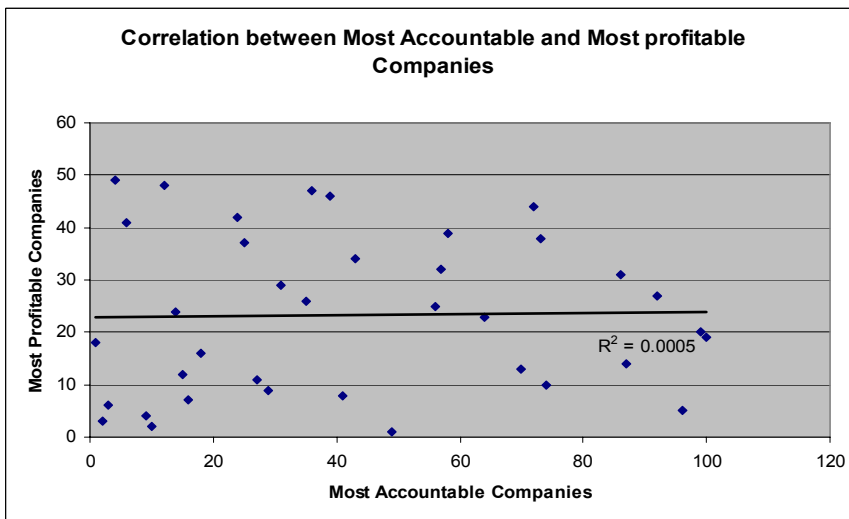
Crt. No.	Companies	Most Profitable Companies rank	Most Accountable Companies rank	Rank x	Rank y	d	d ²
1	Exxon Mobile	1	49	1	23	-22	484
2	Royal Dutch Shell	2	10	2	7	-5	25
3	General Electric	3	2	3	2	1	1
4	BP	4	9	4	6	-2	4
5	Gazprom	5	96	5	35	-30	900
6	HSBC Holdings	6	3	6	3	3	9
7	Chevron	7	16	7	11	-4	16
8	Petronas	8	41	8	21	-13	169
9	Total	9	29	9	16	-7	49
10	J.P. Morgan Chase&Co.	10	74	10	31	-21	441
11	Royal Bank of Scotland	11	27	11	15	-4	16
12	Toyota Motor	12	15	12	10	2	4
13	Bank of America Corp.	13	70	13	28	-15	225
14	China National Petroleum	14	87	14	33	-19	361
15	ENI	16	18	15	12	3	9
16	Vodafone	18	1	16	1	15	225
17	Berkshire Hathaway	19	100	17	37	-20	400
18	Petrobras	20	99	18	36	-18	324
19	Wal-Mart Stores	23	64	19	27	-8	64
20	ING Group	24	14	20	9	11	121
21	Santander Central Hispano Group	25	56	21	24	-3	9
22	Telefonica	26	35	22	18	4	16
23	AT&T	27	92	23	34	-11	121
24	ConoccoPhillips	29	31	24	17	7	49
25	Goldman Sachs Group	31	86	25	32	-7	49
26	Allianz	32	57	26	25	1	1
27	BNP Paribas	34	43	27	22	5	25
28	IBM	37	25	28	14	14	196

29	ArcelorMittal	38	73	29	30	-1	1
30	Procter&Gamble	39	58	30	26	4	16
31	Nokia	41	6	31	5	26	676
32	E.ON	42	24	32	13	19	361
33	Lukoil	44	72	33	29	4	16
34	Nestle	46	39	34	20	14	196
35	Deutsche Bank	47	36	35	19	16	256
36	Barclays	48	12	36	8	28	784
37	France Telecom	49	4	37	4	33	1089
							7708

$$C = 1 - \frac{6 * 7708}{37(37^2 - 1)} = 1 - \frac{46248}{50616} = 1 - 0.91 = 0.09$$

A 0.09 result of the Spearman correlation coefficient reveals that the link between those 2 variables – the ranks where the corporations occupy in those two classifications – is very weak.

The regression coefficient R^2 with its value of 0.0005 suggests the same result (see the figure below).



In conclusion, if corporations choose to be among the most profitable ones, they can not, have a responsible business – with very little exceptions. This is because they should give away a considerable amount of their profits in order to develop or raise business responsibility. The corporations which manage well the situation of being constantly into both of the classification in the same time are corporations which will have sustainable businesses in the future and will definitely have their place into the world's most admired corporations ranking.

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